

Message Text

LIMITED OFFICIAL USE

PAGE 01 OSLO 04521 131503Z

45

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SAM-01 XMB-02 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 /108 W

----- 088437

R 131142Z SEP 76

FM AMEMBASSY OSLO

TO SECSTATE WASHDC 2445

INFO AMEMBASSY BERN

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY REYKJAVIK

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

USMISSION OECD PARIS

USMISSION NATO

USDEL MTN GENEVA

USMISSION EC BRUSSELS

LIMITED OFFICIAL USE OSLO 4521

E.O. 11652: N/A

TAGS: EAID, ETRD, EFTA, NO

SUBJ: EFTA AID TO PORTUGAL AND TIMEX AGREEMENT

REF: LISBON 2960

1. TOROLF RAA, SECTION CHIEF FOR EFTA AND SOUTHERN EUROPE IN NORWEGIAN FOREIGN MINISTRY ADVISES THAT NORWAY WAS PERHAPS STRONGEST PROPONENT WITHIN EFTA OF INDUSTRIAL DEVELOPMENT FUND FOR PORTUGAL. NORWAY HAS ALREADY RECEIVED PARLIAMENTARY APPROVAL OF THE FUND, AND NORWEGIAN DELEGATE IN 10TH EFTA LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OSLO 04521 131503Z

COUNCIL MEETING IN APRIL WAS ONLY DELEGATE TO ACCEPT ESTABLISH-

MENT OF FUND WITHOUT RESERVATION. RAA CONFIRMED PRINCIPAL FEATURES OF FUND AS OUTLINED IN REFTEL.

2. THE OBJECTIVE OF THE FUND IS TO CONTRIBUTE TO DEVELOPMENT OF PORTUGUESE INDUSTRY BY FINANCING SPECIFIC PROJECTS, ESPECIALLY SMALL AND MEDIUM SIZED ENTERPRISES, IN BOTH THE PRIVATE AND PUBLIC SECTORS. OF THE 100 MILLION US DOLLARS TO BE SUPPLIED OVER A PERIOD OF 5 YEARS, NORWAY WILL CONTRIBUTE SLIGHTLY OVER 12 PERCENT. RAA ADMITTED, HOWEVER, THAT BECAUSE RATIFICATION IS STILL PENDING IN OTHER EFTA COUNTRIES AND DIFFICULTIES IN SELECTING PROJECTS, NO DISTRIBUTION OF FUNDS IS LIKELY BEFORE THE END OF 1976.

3. RAA SAID SWITZERLAND AND FINLAND WERE MOST ADAMANT IN PUSHING FOR REQUIREMENT OF "SUBSTANTIAL" PURCHASES FROM EFTA COUNTRIES. THESE COUNTRIES ALSO PRESSED FOR INTEREST PAYMENTS AT THE RATE OF THREE PERCENT PER YEAR IN THE SIXTH YEAR OF CONTRIBUTIONS PAID AND NOT YET REPAID. THE PORTUGUESE GOVERNMENT HAS GUARANTEED THE REPAYMENT OF THIS INTEREST TO THE FUND. RAA ADDED THAT NORWAY WOULD NOT ASK FOR INTEREST SINCE ALL NORWEGIAN ASSISTANCE TO PORTUGAL COMES UNDER ITS DEVELOPMENT ASSISTANCE BUDGET, ALL SUCH AID MUST BY LAW BE ON A GRANT BASIS.

4. THE FUND WILL GRANT LOANS FOR SPECIFIC PROJECTS. THE LOANS WILL NOT AS A GENERAL RULE PROVIDE FULL FINANCING OF A PROJECT BUT WILL NORMALLY COMPLEMENT LOANS FROM OTHER SOURCES.

5. THE FUND WILL HAVE "DUE REGARD FOR THE PROMOTION OF INTRA-EFTA TRADE." THE SWISS AND FINNS PUSHED STRONGLY FOR STRICT EFTA CONTROL OF THIS PROVISION. IN FACT THE EFTA FUND AGREEMENT STATES THAT THE EFTA COUNCIL "WITH THE FULL PARTICIPATION OF THE REPRESENTATIVE OF FINLAND" WILL COMPLETELY SUPERVISE THE FUND.

6. RAA MAINTAINED THAT NO FIXED FIGURE HAD BEEN SET FOR REQUIRED PURCHASES FROM EFTA CONTRIBUTING NATIONS. HOWEVER, HE ADMITTED THAT EFTA COUNCIL MEMBERS, ESPECIALLY THE SWISS AND FINNS, WILL DEMAND THAT OVER 50 PERCENT OF THEIR CONTRIBUTIONS BE USED FOR PURCHASES OF THEIR OWN PRODUCTS. HE SAID PORTUGAL WAS MORE INTERESTED IN GETTING THE FUND STARTED THAN IN OPPOSING LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OSLO 04521 131503Z

THESE "TIED" PURCHASES.

7. CURRENT STATUS. ACCORDING TO THE FOREIGN MINISTRY, NORWAY IS ONLY NATION TO HAVE RECEIVED PARLIAMENTARY APPROVAL FOR PARTICIPATION IN THE FUND AS OF EARLY SEPTEMBER. HOWEVER, AN INTERIM STEERING COMMITTEE WAS ESTABLISHED IN THE FUND ON 9 SEPTEMBER, TO INSURE DISBURSEMENT OF MONIES ALREADY ALLOTTED TO THE FUND. NORWAY, SWEDEN, AND ICELAND HAVE ALREADY CONTRIBUTED

THEIR SHARE OF THE FUND'S INITIAL RESOURCES (12, 30,
1. PERCENT, RESPECTIVELY). WHEN SPECIFIC PROJECTS ARE RECOMMENDED
BY PORTUGAL, THESE FUNDS CAN BE ALLOTTED EVEN THOUGH THE
RATIFICATION OF THE FUND AGREEMENT IS NOT COMPLETED IN MOST
EFTA NATIONS. NORWAY HOPES THAT RATIFICATION WILL BE COMPLETED
IN MOST EFTA NATIONS BY THE NEXT EFTA MINISTERIAL IN NOVEMBER.
THE NEXT EFTA COUNCIL MEETING WILL BE IN GENEVA, SEPT 13TH
AND WILL DISCUSS THE FUND.

8. TIMEX AGREEMENT. CHAIRMAN OF TIMEX BOARD MARTIN SEIM
RECENTLY BRIEFLY DISCUSSED AGREEMENT BETWEEN TIMEX AND PORTUGUESE
MINISTRY OF LABOR TO KEEP OPEN TIMEX'S PORTUGUESE PLANT WITH
REPORTING OFFICER. HE SAID THAT HE WAS FULLY AWARE OF SENSITIVE
POLITICAL NATURE OF THIS AGREEMENT. HE WAS "MOST SATISFIED"
WITH FORTHCOMING DISCUSSIONS WITH PORTUGUESE MINISTRY OF LABOR
AND THOUGHT ALL PARTIES HANDLED NEGOTIATIONS IN RESPONSIBLE MANNER.
HE BELIEVED THAT BY SHIFTING TIMEX PRODUCTION FROM THE EXPORT
MARKET TO PRODUCTION FOR THE HOME MARKET AND BY ADDING "NEW
PRODUCTS" AND "NEW CONCERNS" TO THE PORTUGUESE FACTORY, TIMEX
COULD CONTINUE TO OPERATE IN PORTUGAL AFTER END OF CURRENT
AGREEMENT ON DECEMBER 31ST. HE EVEN STATED THAT TIMEX MAY
NOT BE FORCED TO DISMISS 1,000 EMPLOYEES AS FORESEEN BY THE
AGREEMENT. HE DID NOT HOWEVER SAY WHAT THESE "NEW PRODUCTS"
OR "NEW CONCERNS" WERE.
ANDERS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRY, POLICIES, FUND ALLOTMENT, DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976OSLO04521
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760345-0196
From: OSLO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760967/aaaacfa0.tel
Line Count: 140
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 LISBON 2960
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2004 by BoyleJA>; APPROVED <27 JUL 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EFTA AID TO PORTUGAL AND TIMEX AGREEMENT
TAGS: EAID, ETRD, NO, PO, EFTA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006